

**Dranesville Budget Task Force
FY 2016 Report
March 29, 2015**

This Report completes our seventh year as your Dranesville Budget Task Force. During that entire time, the economic situation has been weak, causing serious difficulty for Fairfax County budgets. Recent signs of improvement in the economy and the forward planning you have done as Chair of the Fairfax County Economic Advisory Committee offer options and direction for the future. This Report covers our comments on the FY 2016 Advertised Budget, the budget process, revenue enhancements, bond ratings, pensions, reserves, public schools, human services, police, parks, libraries, metrics, and the Deferred Retirement Option Program.

Primary Recommendations

The Task Force commends the County Executive and his staff for presenting a balanced budget, especially in view of the projected budget shortfall of about \$100 million at the beginning of the budget process. We agree with the FY 2016 Advertised Budget, with the following exceptions, if feasible:

1. FCPS: Restore the \$13.1 million of FCPS infrastructure funds for FY 2016. The funds were included in the Board of Supervisors' Budget Guidance for FY 2016. The FY 2017 budget outlook looks bleak. The longer infrastructure maintenance is put off, the higher the costs.
2. Human Services: Restore (1) \$1,872,000 for the Healthy Families Fairfax Program and other prevention programs; (2) \$257,394 for the Community Services Board Detox Diversion programs; and (3) \$100,000 in grants for the Neighborhood Enhancement Partnership Program. (pages 9 and 10)
3. Police Department: (1) Fund \$500,000 for new police patrols in high crime districts and one computer forensic detective in FY 2016; and (2) Take the recommended steps to reduce the approximately \$18 million in overtime pay. (pages 10-14)
4. Park Authority: Provide additional funds for upkeep and maintenance to avoid facility deterioration and loss of revenue. (pages 14-17)
5. Libraries: Restore the 14 Library Aide positions. (pages 17 and 18)

Other Major Recommendations

1. Create a "Comprehensive Strategic Financial Outlook" document, as a "tweak" to the budgeting process. (page 2)
2. Implement as soon as possible the County Executive's plan to increase primary reserves from \$5 million to \$10 million. (page 3)
3. Diversify revenue sources and increase revenues. (pages 2 and 3)
4. Institute a retirement plan for new hires in FY 2017 with costs and benefits comparable to the Virginia Retirement System (VRS). (page 4)

5. FCPS: Consider implementing the many recommendations, which would save millions of dollars and improve efficiency. (pages 4-8)

6. DROP: Cut the program to one year and consider eliminating the program completely. (pages 18-19)

Most, if not all, of the proposed disbursement increases would be covered by increased revenue or decreased costs discussed in this Report. In addition to the primary and major recommendations listed above, the Report includes many other recommendations discussed below.

I. Comprehensive Strategic Financial Outlook

The Task Force commends the County Executive for instituting a number of excellent ideas for improving the County budgeting process, including moving from a one-year budget to a two-year budget, proposing new policies for reserves, creating a Joint Committee on Infrastructure Financing, and holding more discussions between the County and FCPS staffs.

We propose a further improvement to the process – a Comprehensive Strategic Financial Outlook (for lack of a better name, at present). As we looked over the budget materials, we could find no enumeration, in one place, of all the shortfalls, funding gaps, and future obligations of the County. We suggest the County prepare a one-page list of each of its shortfalls in reserves, unfunded pension liability, capital improvement program, infrastructure requirements, and needed operational funds. We suggest the list include six columns of figures – the previous 10 years (at five-year intervals), the current year, and the future 15 years (at five-year intervals). For example, the first Outlook report would include the fiscal years 2006, 2011, 2016, 2021, 2026, and 2031. The reason we suggest a 15-year forecast is to include bond funding for their stated maturity and for pension funding. We recommend that FCPS also prepare a similar document. Supplementary documents for larger agencies might also be prepared.

This unusual planning and budgeting tool would mix operating and capital items, liabilities, and unfunded, but needed, programs. We believe that if more citizens understood the magnitude of our funding obligations, they would be inclined to support tax and fee increases and/or proposals to slow the rate of growth of services and costs. This tweak to the budgeting process would become the basis for the major financial metric. It would identify trends, help guide budget development, and clearly identify where the County's finances are lacking and what is being planned to correct the situation.

II. Revenue Enhancements

Our major recommendation is to diversify revenue sources and increase revenues enough to sustain the County services Fairfax County residents demand. Our Report last year enumerated many ways revenues could be increased, so we don't enumerate them again here. We highlight here four options, some of which can be implemented for FY 2016 and some of which could only be implemented in future years with a voter referendum or a change in State law.

1. Meals Tax. Place a 4% meals and beverage tax on the referendum ballot in 2016 and begin a public awareness campaign now to show the need for the tax, which would raise about \$90 million a year and relieve pressure on other taxes and fees. We have recommended this tax every year for seven years. Unlike property taxes, a substantial portion of meals taxes would be paid by people who do not live in the County. Many surrounding jurisdictions already have a meals tax, and there is no evidence

that their meals taxes reduce restaurant revenues. A portion of the tax proceeds could be earmarked to promote County restaurants and tourism (similar to the “Dine On Herndon” website).

2. Business Professional Occupational License (BPOL) Tax. Increasing BPOL rates to the maximum allowed by State law could raise an additional \$60 million starting in FY 2016, and help offset the County’s BPOL tax refund liabilities that will be paid in FY 2016. However, BPOL taxes gross receipts, which in effect overtaxes less profitable businesses vis-à-vis more profitable businesses. We recommend an equitable re-adjustment of BPOL rates by industry segment to avoid that result.

3. Cigarette Tax. State law precludes Fairfax County from increasing its cigarette tax, which is currently 30 cents tax per carton of cigarettes and raises about \$8 million per year. If State law were amended to allow the County to charge 75 cents per pack, which would keep us in parity with most other local jurisdictions, that would raise up to an additional \$12 million.

4. Fees and Rates. In the County’s list of rates and fees, 13 of the 17 items have remained the same as in previous years. Rates and fees should be reviewed annually for potential adjustment to the extent they will not exceed market rates and deter use of public facilities.

We also recommend that the County’s Economic Development Authority (EDA) be asked to suggest priorities for facilities, amenities, and services most likely to attract and retain businesses that will lease a substantial amount of commercial real estate.

III. Bond Ratings

Moody’s has given a negative outlook to our triple-A rating based on three primary factors:

1. Reserves. Fairfax County’s reserves are the lowest in “fund balance policy” for jurisdictions which Moody’s views as comparable to Fairfax County (5%, compared to an average of 8.8% for the other 9 jurisdictions), and among the lowest in “available general fund balance” (12.5%, compared to an average of 27.1% for the other jurisdictions). The County Executive has proposed to increase the County reserve policy from 5% to 10%. That, in turn, would increase the general fund balance available for bond interest and principal payments to about 17.5%, an increase of about \$190 million, based on FY 2016 General Fund disbursements. We commend this effort and policy change. Now, the County needs to develop a plan to accomplish that policy change. (See Item I of this Report.)

We encourage the County to recognize the considerable funds available for bond interest and principal payment under extreme conditions, which are not designated as such. To the extent that funds are legally restricted to one specific use, they are not available for contingency purposes and need to be reported as such. However, where cash is not literally and legally so restricted, it can be considered (and used) for emergency or debt service purposes until it is ultimately used for its designated purpose. At the extreme, those funds can be relabeled as “contingency” or “available for debt service,” as the rating agencies and County prefer, with the original name as a secondary designation.

2. Pensions. The County’s three retirement pension plans plus the FCPS supplemental pension plan collectively have a total unfunded liability of \$2.4 billion (\$10.7 billion in amounts owed less \$8.3 billion in investments), and the liability increases each year. Under current circumstances, it could eventually overwhelm the County’s finances. The 2012 AON Hewitt study reported that Fairfax County’s pension

plan is the most generous of the peer jurisdictions reviewed. We suggest the County offer new hires, effective in FY 2017, plans more comparable in benefits and costs to the VRS.

3. Over-dependence on Federal Support. The County is taking measures to diversify its revenue stream. One encouraging development is the INOVA Hospital System's plan to create a Translational Medicine and a Cancer Center in the former Exxon/Mobil Oil complex. Another avenue to pursue is to expand a cybersecurity competence, in view of the presence in our area of the FBI, CIA, Homeland Security, and various other intelligence agencies.

IV. Fairfax County Public Schools

We are pleased that several recommendations in our March 2014 Budget Task Force Report regarding Fairfax County Public Schools (FCPS) are being implemented, including the use of more accurate revenue and expenditure assumptions. In a better economic climate, we would have supported fully funding the FCPS FY 2016 Advertised Budget. Unfortunately, the County is facing the prospect of BPOL refund claims, and, at present, has no guaranteed source of additional significant revenues. In addition, FCPS will be required to increase its contributions to the VRS in FY 2017.

We recommend that the County transfer to FCPS the operating fund amount recommended in the County Executive's Advertised Budget. We also recommend that the County provide in FY 2016 the promised \$13.1 million for infrastructure repairs that was promised in the BOS' Budget Guidance for FY 2016 but that was not included in the County Executive's Advertised Budget.

Joint Budget Meetings

Joint meetings of the Board of Supervisors (BOS) and the FCPS have helped to improve communication regarding the FCPS budget. Nevertheless, in past years, the BOS' Budget Guidance and the County Executive's Advertised Budget have not sufficiently based the transfer amount for FCPS on a careful analysis of the FCPS budget, projected total school enrollment, and other factors that impact the amount spent per FCPS student. In the future, we recommend that County and FCPS staff collaborate early on to better understand the choices that could be made by FCPS given different transfer recommendations, and that the BOS be invited to participate in this pre-budget guidance analysis. Public schools are a substantial factor when businesses choose where to locate their offices, and the County's economic development goals are more likely to be achieved if the BOS and County staff invest more time learning about FCPS before publishing recommendations on FCPS transfer amounts.

Demographic and Enrollment Projections

Given the importance of projections in the determination of the annual transfer request, we recommend that FCPS publish a report in October comparing the demographic inputs used to prepare the FCPS budget presented to the Supervisors and the actual enrollment and demographic statistics, along with the impact those differences would have made if used to compute the FY 2016 adjustment for enrollment and demographic changes.

Improved Financial Stewardship of Taxpayer Resources

We commend FCPS for using more accurate assumptions in developing its FY 2016 Proposed Budget. That approach will reduce the amount of "found" money in budget reviews and result in more

systematic evaluation of competing priorities in voting for Approved Budgets. It will reduce the FCPS “structural deficit” because less “one- time money” will be created from inaccurate budget estimates of recurring revenues and expenses and, therefore, less “one- time money” will be potentially available to spend on future recurring expenses. Finally, more accurate budget assumptions will cause a higher percentage of the aggregate local government (County plus FCPS) year-end balances to be held by the County, which is a cost-effective way to help the Board of Supervisors maintain the County’s Triple-A bond rating.

Disclosure

To a large extent, FCPS budget documents continue to discuss the number of positions and costs based solely on the School Operating Fund (SOF), even though the other nine FCPS funds pay for over 740 full-time equivalent positions. We commend FCPS for including the chart on page 51 of their FY 2016 Proposed Budget, from which this data were obtained, and suggest that in future budget documents, similar charts be provided in all sections.

Information reconciling disclosure in the FCPS Budget documents, state-required Annual Reports of Expenditures and FCPS audited financial statements would be helpful, to allow readers to understand how expenses and positions are classified differently for various types of documents.¹ For example, we recommend that the FCPS Approved Budget include a table comparing end-of-year total FCPS fund balances that would be designated as non-spendable, restricted, committed, assigned, and unassigned in the audited financial statements, which also shows whether such end-of-year balances are described as encumbered or non-encumbered in the traditional FCPS budget document format.²

We commend the increased transparency about the limited impact of the School Board’s approval of the operating budget, which is found on pages 45 to 46 of the Proposed Budget under “Expenditure Controls and Approval Policies.” As stated therein, School Board approval is only required to reallocate resources between FCPS funds. Only administrative controls apply to reallocations at the “commitment item” level. Given improved FCPS administrative controls and new FCPS leadership, we are less troubled by this than we would have been in past years. Nonetheless, we recommend that FCPS disclose reallocations within each FCPS fund.

Audit Committee Composition

Last year, our task force made recommendations to increase the independence of the Audit Committee. We encourage the School Board to make the changes suggested in our prior reports and to

¹ For example, 65.8% of total FY 2014 FCPS expenditures were classified as “instruction” in the Annual Report of Expenditures, which also showed total FY 2014 expenditures of \$2.8 billion. In contrast, page 7 of the FY 2014 Approved Budget states that “85.5% of the budget is allocated to instructional programs,” and only mentions \$2.5 billion of costs funded by the SOF.

² As of the end of FY 2014, FCPS reported \$261,882,912 in year-end balances in its Annual Report of Expenditures, and \$263,682,211 of such balances in its audited financial statements, but reported a budgeted beginning balance of \$52 million in its FY 2015 Approved Budget.

modify the FCPS web site disclosure about the composition of the Audit Committee, so that it mentions FCPS managers who are members and participants on the Audit Committee.³

FCPS Internal Audits

In the last two years, the School Board voted to create a new position for an Auditor General, hired a senior internal audit manager with substantial performance audit experience, and hired junior internal auditors. We encourage the School Board to promptly hire an Auditor General who will effectively oversee and support objective and substantial performance audits. He or she also should have demonstrated capacity and willingness to take a close look at the assumptions made, analyses performed, and questions asked in studies done by the Office of Program Evaluation (OPE).

To provide additional analyses, we encourage the BOS' Audit Committee periodically to ask its Office of Financial and Programs Audit to account for funds transferred from the County to FCPS, just as the federal government investigates whether FCPS is complying with federal grant requirements.

Class Size

The Dranesville District includes an unusually high percentage of schools with higher-than-average class sizes. Teachers in those schools, in their responses to 2012 and 2014 Working Conditions Surveys, were more likely than the average FCPS teacher to state that they could not provide all their students with the instruction they need.

FCPS is taking several steps to reduce the number of very large elementary school classes. Superintendent Garza has directed Assistant Superintendents to scrutinize requests by principals to "trade" classroom teachers for other types of staff positions. The FY 2016 Advertised Budget includes \$3.1 million in recurring funds to provide extra teachers to elementary schools with the largest class sizes. The School also voted for \$800,000 of one-time funding for FY 2016 to reduce the number of very large elementary school classes from September 2015 through June 2016.

In developing its FY 2016 Approved Budget, we recommend that the School Board retain the \$3.1 million elementary school class size placeholder from the Advertised Budget. In addition, we encourage FCPS to develop a plan to reduce the number of very large classes for core academic subjects in middle and high schools, particularly for science labs, where safety guidelines recommend maximum class sizes of 24 students.

³ Under Regulation 1420.4, the Office of Internal Audit provides "operational, financial and compliance audit services to the School Board and Superintendent" by "measuring and evaluating the effectiveness of other controls." The Audit Committee includes the Superintendent and Deputy Superintendent as non-voting members, and the chief financial officer as a non-voting participant. In addition, the Audit Committee includes four School Board voting members, who are appointed annually by the School Board chair.

Closing the FY 2016 Budget Gap

Given potential BPOL refund claims that could constrain the County's ability to transfer higher amounts to FCPS in FY 2017, likely increases in future FCPS contributions to the VRS, and potentially reduced State funds due to a change in the Local Composite Index in FY 2017, we suggest that FCPS identify additional budget savings in FY 2016 that can be used to fund necessary infrastructure repairs.

Employee Attrition

The FCPS FY 2016 Proposed Budget assumes a 2.1% employee attrition rate, which is lower than historic FCPS employee attrition rates, especially for classroom teachers and aides. We recommend FCPS analyze historic attrition rates by job category and use that data to develop more accurate estimates for the FY 2016 Approved Budget and subsequent budgets. We also recommend that this analysis be published, to inform discussions about employee compensation.

School-Level Enrollment Projections

The FY 2016 Proposed Budget includes \$18.6 million for "enrollment growth and demographic changes," to fund an additional 249.8 teacher and other school-based positions. That amount is computed by applying needs-based staffing formulas to the projected number of students at each school who qualify for free and reduced-price meals (FRM) and English for Speakers of Other Languages (ESOL) services, as well as the estimated total number of students at each school.⁴

Past school-level projections have been inaccurate, and we commend FCPS for hiring a consulting firm to improve the accuracy of those projections. We recommend that those consultants and FCPS staff compare projected to actual numbers of total, FRM and ESOL students assumed at each school for purposes of developing FCPS budgets in past years. We further recommend that the results be used to revise school-level enrollment assumptions (FRM, ESOL and total students) in estimating the division-wide cost of "enrollment growth and demographic changes" in the FY 2016 Approved Budget.

Other

Last year, we identified a few other budget cuts that were not included in the FY 2016 Advertised Budget. We suggest they be considered for the FY 2016 Approved Budget:

- Reduce by up to five days the contract lengths and related compensation for professional and administrative personnel with 11- and 12-month contracts.
- Eliminate assessment coach positions and hire hourly workers as needed to facilitate the administration of standardized tests.
- Reduce the number and contract length of assistant principals.

⁴ Projections about services for students with disabilities are inputted into separate staffing formulas to determine projected special education program costs. Given the magnitude of those costs and the increasing number of students who receive services for Level 2 (more severe) disabilities, we recommend that FCPS compare its services to the corresponding services offered by surrounding jurisdictions for each disability, including the per pupil costs for each type of service.

Balancing Future FCPS Budgets

Pages 30-31 of the FCPS FY 2016 Proposed Budget indicate that FCPS will “undertake a targeted review of programs” to “achieve potential efficiencies” and to “identify potential savings and flexibility available to increase effectiveness.” A task force will identify “potential savings and flexibility in mandates,” “outsourcing services,” “centrally-managed budgets” such as utilities, salaries and employee benefits, “potential areas of flexibility in the Standards of Quality,” and “possible revenue enhancements.”

We look forward to reading that task force’s recommendations. We also suggest that FCPS consider modifying the staffing formulas to reduce the range of general education class sizes. This change could result in significant savings by reducing the number of teacher and other staff positions at schools that otherwise would have very small average class sizes. That also would allow FCPS to stretch its limited capital resources, by reducing the need for new schools and/or additions. And, fewer students would be assigned to trailers, which would enhance student safety.

We also recommend that FCPS consider consolidating the IB Diploma Program from eight into fewer FCPS high schools and offer Advanced Placement courses in lieu of IB courses at the other high schools. In addition, consistent with our report last year, we recommend that FCPS eliminate the IB Middle Years Program, IB Primary Years Program, and IB Career-Related Certification Program.

V. Human Services

We are concerned that the human services system may have reached a “tipping point” where it will not be possible to decrease the size of organizations without failing to meet the needs of County residents. The Department of Family Services (DFS) continues to take a disproportionate share of locally-funded budget cuts because of the large percentage of its budget which is not supported by the General Fund (GF). Since 2007, caseloads in every DFS division have skyrocketed, a trend felt in other agencies and non-profit partners working in vital areas of adult and family services:

- Public Assistance caseload increased by more than 80%
- Domestic Violence survivor services increased by nearly 30%
- Adult Protective Services investigations grew by nearly 20%
- Comprehensive Service Act caseload expanded by more than 10%
- The number of children in SACC grew by more than 10%

Current trends pose troubling questions for the future, even without additional budget reductions this year. Although Fairfax County is one of the wealthiest counties in the nation, we still have almost 65,000 residents living in poverty according to the latest estimates, and over 170,000 people living below 200% of poverty. In the next 15 years, Fairfax County also projects that its 65 and older population will increase by 51%, and its 70-and-over population will increase by 55%.

Fairfax County must build a human services system that is more integrated and comprehensive to meet current objectives; adaptable to adjustments as needs change; and with resources focused on prevention and early intervention, improved facilities, and adequate infrastructure, including housing. We encourage the County to use this approach in future year planning and budgeting.

We recommend the following four actions:

(1) Support the requested budget amount of \$10.28 million for Human Services programs. Approximately two-thirds of DFS revenue comes from federal/state sources, while the County derives 3% of its overall budget from federal/state sources. In fact, DFS' \$66.2 million in federal/state revenue represents 55% of all the federal/state revenue received by the County. Only 43% of DFS' budget comes from the GF, and 29% consists of non-mandated (or discretionary) services, yet the Department is required to submit budget cuts based on the size of its total agency budget. As a result, a 3% budget reduction to DFS equals a greater than 10% reduction in DFS discretionary funds.

We support the restructuring of the School-Age Child Care (SACC) fees to increase the amount paid by parents at the highest tier. The increase in fees will result in \$532,120 in additional SACC revenue which is being used to expand services and reduce fees for parents with lower incomes, who pay a greater percentage of their household incomes for childcare, a necessary service.

(2) Restore \$1.8 million for the Healthy Families Fairfax Program and other Prevention Programs. Healthy Families Fairfax is a research-based, cost-effective program for at-risk first-time parents who receive pre-natal support and home-visiting services. This program engages parents, helps prevent low birth weight, lowers juvenile delinquency rates, helps reduce teenage pregnancy rates, and supports school readiness by addressing child well-being. Eliminating those services would be costly in the long run. For example, the County spends over \$78,000 per child for foster care placements. In contrast, it costs \$3,473 per family to provide prevention services through the Healthy Families Fairfax program, which aims to keep children out of foster care and the juvenile justice system, thus reducing mandated services under the Comprehensive Service Act (CSA).

(3) Restore or reallocate funding for key Community Services Board programs serving the most vulnerable populations. In particular, consider restoring \$257,354 for the Detox Diversion program. This program represents the outreach component of the Fairfax Detoxification Center, a 32-bed residential facility that provides a therapeutic environment for individuals to safely detoxify from alcohol and other drugs. In FY 2014, 451 diversions were made to 234 individuals, saving approximately 1,353 public safety personnel hours, preserving law enforcement resources, and enhancing community safety.

(4) Restore \$100,000 in grants for the Neighborhood Enhancement Partnership Program (NEPP). This program provides \$5,000 grants to HOAs, non-profits, and other civic groups for stream cleanups, repairs/renovations, community watch and engagement programs, as matching funds to address food insecurity through community gardens and farmers markets, and similar efforts driven by Fairfax County residents and communities.

VI. Police Department

In recent years the number of police department employees has decreased, major crimes have declined, and service calls and response times have remained steady. We commend the good work of our police force, working within the economic constraints of the past several years.

We support the directive for "the Deputy County Executive for Public Safety to work with all of the public safety agencies to conduct a 5-year analysis of staffing requirements based on projected growth and other metrics." This analysis was a critical step in assessing the public safety staffing needs

of the future to ensure that public safety functions are maintained at an optimal level in Fairfax County.

IT/Computer Forensic Detectives

Based on the Police Department's annual budget documents, overall annual caseloads from 2008-2013 have progressively decreased from approximately 11,000 to 5,600. However, we recognize that certain specialties (e.g., computer forensics) are in great need. The leaders of four different area police departments agree that IT/Computer Forensics is a priority need (in addition to patrol officers on the street). Yet, the FY 2016 Advertised Budget postponed until FY 2017 two Computer Forensic Detective positions requested for FY 2016. We recommend that one Computer Forensic Detective position be filled in FY 2016 and one be filled in FY 2017.

Patrols And Patrol Areas

The five-year Public Safety Staffing Plan (which makes recommendations for 2016-2020) recommends that an additional patrol area be created in six District Stations in FY 2017 through FY 2019. That would require an additional 42 patrol officers. For the FY 2016 Advertised Budget, the Police Department is requesting seven positions in the areas of Explosive Ordnance Disposal (EOD), Computer Forensics, Animal Control, and Civilian Investigator. The justification for those increases is the anticipation of increasing caseloads as a result of increasing population.

Significant population growth in Fairfax County is anticipated, especially in urbanized areas such as Tysons Corner. According to the George Mason University Center for Regional Analysis, between 2010 and 2050, the population is expected to grow from 1.03 million to 1.56 million. For those same years, jobs are expected to grow in Fairfax County from 680,000 to 1,280,000. Additional population will no doubt result in increased crime and increased service calls. Crime prevention along the Silver Line will be a new challenge. Evidence of these increases is already apparent. When comparing the crime statistics of the Tysons Urban Center from July to December in 2013 to the same period in 2011, calls for service increased from 8,233 to 9,374, and Class A crimes increased from 980 to 1,462.

We support the proactive rebuilding of our police force, specifically increasing the number of patrol officers and patrol areas. In consideration of continued budget restraints and exorbitant overtime expenses created by patrol officer vacancies, we recommend hiring additional patrol officers, prioritizing higher crime districts for the earliest implementation, while other non-patrol positions should be implemented more gradually over the course of the five-year plan. In the FY 2016 Advertised Budget, the County Executive recommends postponing seven Police Department positions until FY 2017: two Explosive Ordnance Detectives, two Computer Forensic Detectives, two Animal Control Officers, and one Civilian Investigator at a cost savings of \$1,153,455. We recommend that one Computer Forensic Detective (\$143,923) and two Patrol Officers (\$371,005) be funded for FY 2016. That would reduce the Police Department's original request for seven positions at \$1,153,455 to three positions at a cost of \$514,929. This will also begin the process of reducing police overtime by filling patrol vacancies, as well as addressing the high priority need for Computer Forensic Detectives.

Cost Savings and Revenue Producing Ideas

Electronic Citation System

We recommend that the Police Department continue to study the possible future use of the electronic citation system. Such devices act as a force multiplier by increasing patrol officers' efficiency. Officers would spend less time on each stop, which would maximize their time on patrol. Officers would spend less time standing on the side of roads, increasing their safety. Tracking and follow-up of citations would be improved, which should increase revenues. Also, changes in ticket forms are easily updated electronically, as opposed to wasting money by throwing away supplies of outdated paper tickets when ticket formats change.

Red Light and Speed Cameras

The photo red light camera program was previously used in Fairfax County during the years 2002-2005 and was "sunsetting" out. The General Assembly reauthorized the program in 2012, but in 2013 the BOS determined that the program was too costly, due to a requirement for a detailed engineering analysis at prospective intersections, a cap of \$50 on tickets, and the requirement that sworn officers instead of traffic technicians review photos. The law also allowed a two-second grace period if running a light, which would eliminate many tickets.

When Fairfax County participated in the photo red light camera program, it saved lives by decreasing the number of the most severe types of crashes at intersections – side impact crashes. Cameras also allow technology to address speeding violations so sworn officers can handle other public safety issues. We recommend an item be placed on the County's legislative agenda that would seek to modify the State's photo red light law to remove the requirements for a detailed engineering analysis and a two-second grace period and to allow trained traffic technicians to review the photos.

We recommend that the BOS add an item to their legislative agenda requesting the General Assembly to permit local jurisdictions to institute the use of speed cameras, via the local ordinance process. Currently, there is no State law regarding speed cameras. The National Highway Traffic Safety Administration indicates that automated speed enforcement has been shown to be effective, particularly on high volume roadways where it is unsafe to conduct traditional enforcement operations.

Fee Schedules

We recommend that the Fairfax County Police Department annually review and make incremental adjustments, where appropriate, to its fee schedule for services such as: copies of police reports, dog licenses and permits, concealed weapons permits, animal shelter fees (e.g., boarding fees), and alarm ordinance violation fees.

Overtime Costs

Overtime (OT) is a significant expense in the Police Department's budget. In the past three budget years, the Police Department has expended an average of over \$18 million in OT each year. Court time needs to be addressed, although it is predominantly controlled by the State. We believe OT can be cut by reducing officer time spent in court and the time it takes for a police officer to deal with a

detainee between the time of arrest and the intake process at the jail. To that end, we recommend the following strategies to reduce OT as it relates to the court system:

(1) When courts do not have enough assistant commonwealth attorneys available, police officers spend more time in court, due to slower litigation processes, which increases OT. We recommend an increase in the number of assistance commonwealth attorneys per the five-year staffing plan.

(2) Not having enough judges available also creates OT, as courts take longer to get through the dockets. In particular, having no night judges creates OT. Half the police shifts and, therefore, perhaps half of the arrests, occur during the night shift. Police officers who make arrests during evening shifts must return to testify before a magistrate during the day, using OT to fulfil that responsibility. The State pays for judges. We recommend that the Board of Supervisors place an item on its legislative agenda to request additional general district judges and to request a night judge in the County.

(3) Adding video magistrates at more district stations might decrease OT. Currently, the Mason District station has a video magistrate and the Mt. Vernon station has a live magistrate. Magistrates can take testimony from detainees and arresting officers at the station, avoiding a trip to the Fairfax Adult Detention Center (ADC). In some cases, arrestees could be released from the district station on personal recognizance after seeing a video or live magistrate at the station and would not have to be transported to the Fairfax ADC. Without a magistrate at the district station, police officers are required to transport the arrestee to the Fairfax County jail to see a magistrate, which often takes a lot of time due to backlog. This time off the streets means there is less police service in the district. Other patrol officers are sometimes called in, on an overtime basis, to fill this gap. We recommend that Fairfax County study the feasibility of establishing video magistrate capabilities at a station in each quadrant of the County in the next two years, with the goal of having video magistrate capability at each district station by 2020.

(4) Establishing an additional cell block in the Reston station might reduce OT. The time it takes officers to transport arrestees to the Fairfax ADC and wait in line for processing at the Fairfax jail creates OT. Some arrests only require a short-term stay (such as arrests for DUI and Drunk in Public). Currently, only the Mt. Vernon District station has an active cell block. We recommend that the County conduct a cost-benefit analysis of a long-term plan to create one additional cell block in the Reston Police District, since its station has unused cells. A Reston cell block would require staffing, but we consider a long-term goal for one additional cell block in the opposite end of the County from the existing cell block at the Mt. Vernon station to be well-justified by reducing future OT.

(5) Require all officers to complete the sections of the court forms regarding their "best court dates." Police officers are better able to pick their traffic court dates, but criminal/juvenile hearing sometimes have shorter turnaround times, making it harder to honor a requested court date. The Fairfax County Clerk indicates that many officers do not fill in part of the "best dates" sections of the forms.

If the County had a full complement of patrol officers, "best dates" might theoretically be the days they are on duty so that they do not use OT to sit in court, while other regular-time officers cover their district. However, that theory may not save OT when the Police Department has vacancies. One other local police department requires its officers to request court dates on their days off. That would require the Police Department to pay OT while the officer is in court, but also would prevent the Department from paying OT to a second officer to cover a shift, had the first officer been on duty at the time of court.

We recommend that the Police Department review its court policies to ensure that all officers are required to fill out their "best dates" on court forms and that each officer be asked if "best dates" should be on or off duty. We recommend this with the understanding that the court may not always be able to accommodate the officer's requests.

(6) We recommend that the policies/duties of court liaison officers be reviewed to identify efficiencies. In some instances it may be known early in the day, by communications from the Commonwealth Attorney, if a defendant has decided to plead guilty or if the case is going to be continued. In such instances, police officers would not have to stay in court waiting for their case on the docket, which would reduce OT. Court liaison officers may be able to help with such notifications.

Vehicles

Vehicles cost about \$13 million a year, including maintenance, fuel, and vehicle replacements. Older vehicles have higher maintenance costs. We recommend that vehicle replacement schedules be followed to minimize maintenance costs.

Officers are required to take their vehicles to the Department of Vehicle Services (DVS) for vehicle maintenance. However, it is reported that taking vehicles to commercial maintenance companies such as Jiffy Lube for low level maintenance (e.g., oil changes) takes less time, which would keep the vehicles in service longer, and costs less than taking the vehicles to DVS. The County hires the mechanics who work in DVS, which means the County also pays for those employees' benefits. We recommend that the County conduct a cost-benefit analysis of a new policy that would allow patrol officers to take their patrol cars to commercial vendors for basic low-level maintenance. Not only would it reduce maintenance costs, but it might also result in fewer DVS employees, who would be needed only to perform high-level maintenance.

For the past three budget years, the Police Department has spent an average of about \$4 million annually in fuel costs. Hybrid vehicle could reduce fuel costs. Police vehicles are purchased through a State contract. No police hybrid patrol cars are available due to equipment and vehicle handling requirements. We recommend that the Police Department study the cost-effectiveness of a vehicle replacement program that includes hybrid vehicles for non-patrol departments and staff, such as Investigative Services, Parking Enforcement, and administrative personnel.

Information Technology Bureau/Telecommunications

The Information Technology Bureau (ITB)/Telecommunications costs approximately \$1.2 million annually. We recommend that the Financial Services Division meet with the ITB to evaluate expenses and to identify potential efficiencies.

Marine Patrol

The Police Department Marine Patrol unit, which includes two boats (one larger, one smaller) and a crew of police officers, costs approximately \$315,000 each year. Smaller missions in water locations, such as Lake Barcroft, can be handled by Fire and Rescue units. In this year of extreme budget constraints, we consider the Marine unit a low priority and recommend the elimination of the smaller boat, whose missions can be accomplished by Fire and Rescue.

Other

(1) We support the use of body cameras as we believe they will, in the long run, reduce costs to the County by reducing litigation and time spent in court.

(2) We support the Public Safety/Courts Funding recommendations in the legislative priorities of the Fairfax County BOS (dated Dec. 2, 2014). The Commonwealth of Virginia should:

a. Restore or, at a minimum, maintain State grant funding for aid to local police jurisdictions (HB 599).

b. Adequately compensate localities at a dollar level commensurate with the State's responsibility for local jail operations.

c. Adequately fund Virginia's courts to ensure a well-functioning judicial branch.

VII. Park Authority

The Fairfax County Park Authority (Park Authority) provides social services in the form of recreational opportunities, natural parks, trails, senior centers, educational programs, and recreation centers (RECenters) facilities. Yet, the Park Authority has faced significant budget pressure over the last several years.

The amount of General Fund (GF) support provided to the Park Authority, while above its lows several years ago, declined from about \$23.7 million in FY 2008 to about \$23.5 million in FY 2015, as costs continued to rise. Increases in recent years, while appearing to provide some stability, have related primarily to Personnel Services. Beginning in FY 2015, the Park Authority also was required to cover indirect costs previously absorbed as centralized County services. Those indirect costs totaled \$775,000 in FY 2015. In our view, attributing indirect costs to their corresponding revenues or direct costs, is appropriate. Nevertheless, those are costs the Park Authority did not have to pay prior to FY 2015. Support for the Park Authority as a percentage of the County GF has been cut in half from 1.2% in 1990 to 0.6% in the FY 2015 Adopted Budget.

While additional FY 2016 GF appropriations are proposed to cover personnel cost increases and other items, the FY 2016 Advertised Budget would trim the Park Authority budget further, taking overall GF support down to \$23.4 million. Furthermore, yet more costs, previously covered by the GF, are being shifted to the Park Authority's revenue funds. The costs shifted and expenses eliminated total \$720,356 in the FY 2016 Advertised Budget. Shifting additional costs, especially personnel-related costs, to the revenue funds can only come at the expense of other projects. We are concerned that this is a case of "from those with little, much is asked."

The Task Force commends the Park Authority for operating in an efficient manner in the face of declining GF support, higher facilities usage and park visitation, and increasing cost recovery requirements over recent years. We appreciate the requirement that the Park Authority have an annual audit of its funds by an external auditing firm. We support the County and Park Authority's decision to charge an appropriate portion of management and administrative costs of the Park Easement Program directly to the Park Improvement Fund. Easement fees may need to be adjusted to cover those

additional costs. Similar costs, related to the Telecommunications/Monopole Program, are being charged to the Park Improvement Fund.

There are other similar reductions in GF support of Park Authority salaries by attributing those salaries to non-GF funds. That seems to be logical from an accounting standpoint, and we support those actions on that basis. Nevertheless, we are concerned that “taxpayers” are investing significantly less in their parks than before.

Business Plans

To foster revenue generation by non-RECenter parks, the Park Authority is requiring each such revenue-producing park and facility to have a business plan to identify the sources of revenue, and how revenue for such facility could be increased over time. We strongly support the Park Authority’s plans in this area.

Resident Curators

We encourage the Park Authority and the BOS to seek a way to implement, on a pilot basis in FY 2016, the Resident Curator program, which has been under study for several years. Resident curator programs identify publicly-owned historic properties with no immediate or practical public use and, through an open process, select outside parties with skills and resources to rehabilitate the property in accordance with accepted preservation standards. In return, the curator gains an agreed-upon use of the property and pays little or no rent. A Resident Curator program in Fairfax County would potentially provide a fiscally responsible means to put many of the County’s under-utilized historic properties back into use.

Volunteer Coordinator

In the past decade, there has been a substantial increase in park acreage as well as the number of parks, fields, and other facilities. Yet, GF-funded regular staff positions have declined almost 10% from 384 in FY 2008 to 355 in the FY 2015 Adopted Budget. Another six positions are proposed to be cut in the FY 2016 Advertised Budget. Sadly, one is a currently vacant volunteer coordinator position. Because this is a public-facing position, which could be used to instill a sense of community service and pride in the serving volunteers, we recommend that efforts be made to find funds to fill that position.

Infrastructure Upgrades

Due to delayed and reduced maintenance and construction, many Park Authority facilities need work or are nearing the end of their useful lives. A number of these items are covered in the Park Authority’s Capital Improvement Plan, but expenditure of capital funds competes with capital plans of other agencies and is subject to the County’s cap on capital expenditures. The situation has become so dire that the Park Authority is receiving more citizen complaints about park care (including tree care), and maintenance and use is starting to dwindle at some RECenters because of their deteriorating condition. In addition, poorly maintained facilities present a poor face to visiting executives who are making decisions about locating their businesses in Fairfax County. The County should be able to showcase well-maintained facilities. For all these reasons, the Park Authority is badly in need of more operational dollars to address this deferred maintenance and to restore some reduced staff.

Nevertheless, early projections beyond the FY 2016 and FY 2017 Advertised Budgets indicate additional funding cuts or imposed cost-absorption beyond that expected in FY 2016.

The Task Force recognizes that continued investment in infrastructure is key to increasing revenues for the Park Authority. Revenue-generating infrastructure, such as golf facility improvements, RECenter renovations, and the expansion of synthetic turf fields, should continue to be funded, as established within the Capital Improvement Plan (CIP). We appreciate the County Executive's plan to have a regular, four-year cycle of Park Authority bond referenda to address those needs.

Golf

Golf represents about one-quarter (about 26%) of the Park Authority's revenue and is subject to demand and weather vagaries. We support the Park Authority's plan to make significant improvements in golf business marketing with enhanced marketing software and the creation of a dedicated marketing position to increase usage, in the face of declining usage nationally. We also endorse the Park Authority's plan to implement business plans for the golf courses, and to reach out to golf development and leadership organizations, such as the PGA's First Tee program.

RECenters

A significant amount of the Park Authority's revenue (59%) is derived from the RECenters. We commend the Park Authority's RECenter fee increases, where possible, and applaud the plans, some of which have already been completed, to renovate RECenters to expand fitness, recreational, and meeting spaces, all of which will contribute to future revenue.

Environmental Improvements

Many Fairfax County residents are very concerned about the environment and how we can maintain the natural and environmental quality of our public and private property, especially, the almost 10% of County land that falls under the aegis of the Park Authority. The #1 Park activity identified by our residents is walking in our parks. We know that the Supervisors and Park Authority share those concerns, and have done much already. However, the Authority's Environmental Improvement Program has been severely cut back in recent years. We ask that funds be committed to this important activity.

Friends of Fairfax County Parks

We support the Park Authority's continuing initiative to expand its "Friends of" groups and to pursue other partnerships. For example, in addition to the Federation of Park Authority Friends Groups, a new Northern Virginia Watershed Coalition is being formed, which may have substantial FCPA synergies. There is discussion of forming a Friends of the Grange Park group in Great Falls.

Riverbend Park

Within the Dranesville District, we are pleased that the Park Authority is not seeking to reduce funding for, or positions at, Riverbend Park. However, Riverbend has two open positions, which are needed to help run the park and, particularly, the revenue-generating summer educational programs. We encourage the Supervisors and the Park Authority to fill those positions as soon as possible.

Langley Forks Master Plan

We understand that improvements envisioned by the recently updated Langley Forks Master Plan are contingent upon a land swap with the National Park Service (NPS) and that this matter is in the hands of the NPS. We ask that the Supervisors and Park Authority work with NPS to seek rapid approval of this land swap, so that implementation of the Langley Forks improvements can move forward.

VII. Libraries

Library Survey

Our libraries are important resources for the community, including schools and students. Libraries nationwide have been transitioning in the past decade as more information moves to and through electronic resources, but real books and personal service remain at the core of our library experience for many patrons. A community library survey, being drafted by the Library Board but not yet completed, would give the libraries an indication of what residents want in a 21st Century library.

Library Circulation Aides

The County's proposed budget suggests \$855,000 in reductions, including \$800,000 from the elimination of 14 vacant Library (Circulation) Aide positions, and \$55,000 for "efficiencies." We are concerned about the elimination of the 14 Library Aide positions. Aides perform many necessary functions in our libraries, including translation assistance and allowing staff to keep library branches open for posted hours. Once eliminated, those positions will not likely be recovered. Overtime is now required in 90% of library branches to maintain hours of service, in part because vacant Library Aide positions have not been filled because of policy and budget concerns. The 14 positions represent an unequal share of the net positions cut from all County agencies in the FY 2016 Advertised Budget.

We recommend that the Board of Supervisors: (1) Restore the funding for the 14 Library Aide positions, and (2) If funding cannot be restored, retain those positions as a function in the agency. We further request that reductions be halted until the results of the community library survey can give greater guidance to the County as to the future of our libraries.

VIII. Metrics

The Task Force was asked to look into the County's metrics program. Our review indicates that the program is useful and well-run, both for the County and FCPS. We suggest one new addition, a Comprehensive Strategic Financial Outlook (see Item I of this Report). A major review was deferred in view of the planned Lines of Business (LOB) study next fiscal year that fits in well with a metrics review.

IX. DROP

The Deferred Retirement Option Program (DROP) was first instituted in 2003 for employees covered by the County's Police Officers and Uniformed Retirement Systems. In 2005, DROP was expanded to include employees covered by the Employees' Retirement System, who now comprise most DROP participants. The stated goals of DROP are to assist the County in work force planning by encouraging valuable employees to stay beyond their planned retirement date, and to provide a more definitive date of retirement for planning purposes.

The County's website states that, "DROP provides the ability for an employee to retire for purposes of the pension plan, while continuing to work and receive a salary for a period of up to three years. During the DROP period, the pension plan accumulates the monthly benefit in an account balance identified as payable to the member only at the end of the DROP period. The account balance is credited with 5% interest per year. The monthly benefit that is credited to the DROP participant's account balance is calculated using service and final compensation as of the date of entry in DROP, with increases equal to the annual retiree COLA. The employee does not earn service credit towards retirement during the DROP period."

To our knowledge, no study has been conducted to determine if DROP is achieving its goals. The BOS commissioned a retirement study in 2012, but the consultants determined that "a full analysis of the economic variables in a DROP is beyond the scope of this report," and made no definitive recommendations about DROP.

Our task force has considered the following questions about DROP:

- Are the program goals being achieved?
- Is the program being cost-effective for the County?
- What would be the effect of rescinding or modifying DROP?
- Do all employees groups need to participate in DROP?
- Does the current DROP interest rate (5%) need to be adjusted?
- Is one year in DROP adequate for program managers to plan ahead to fill vacancies?
- How often does DROP need to be reviewed to accommodate changing actuarial factors?

We recommended in 2010 and 2013 that the DROP program, which essentially exists as a 4th County retirement program, be studied to determine its cost-effectiveness to the County and whether the proper incentives are being applied to achieve the program's goals. This year, we recommend that the County reduce the DROP benefit to one year and consider phasing out DROP completely unless the benefits to the County can be definitively demonstrated.

Conclusion

We thank you for this opportunity and privilege to serve on your Dranesville District Budget Task Force. We particularly thank Jane Edmondson, your Chief of Staff, for helping us so graciously and wisely by scheduling speakers, obtaining answers to our questions, and providing logistical support.

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